

# CDM Executive Board recommendations

Workshop on review of CDM modalities and procedures

Bonn, Germany, 8–9 June 2013



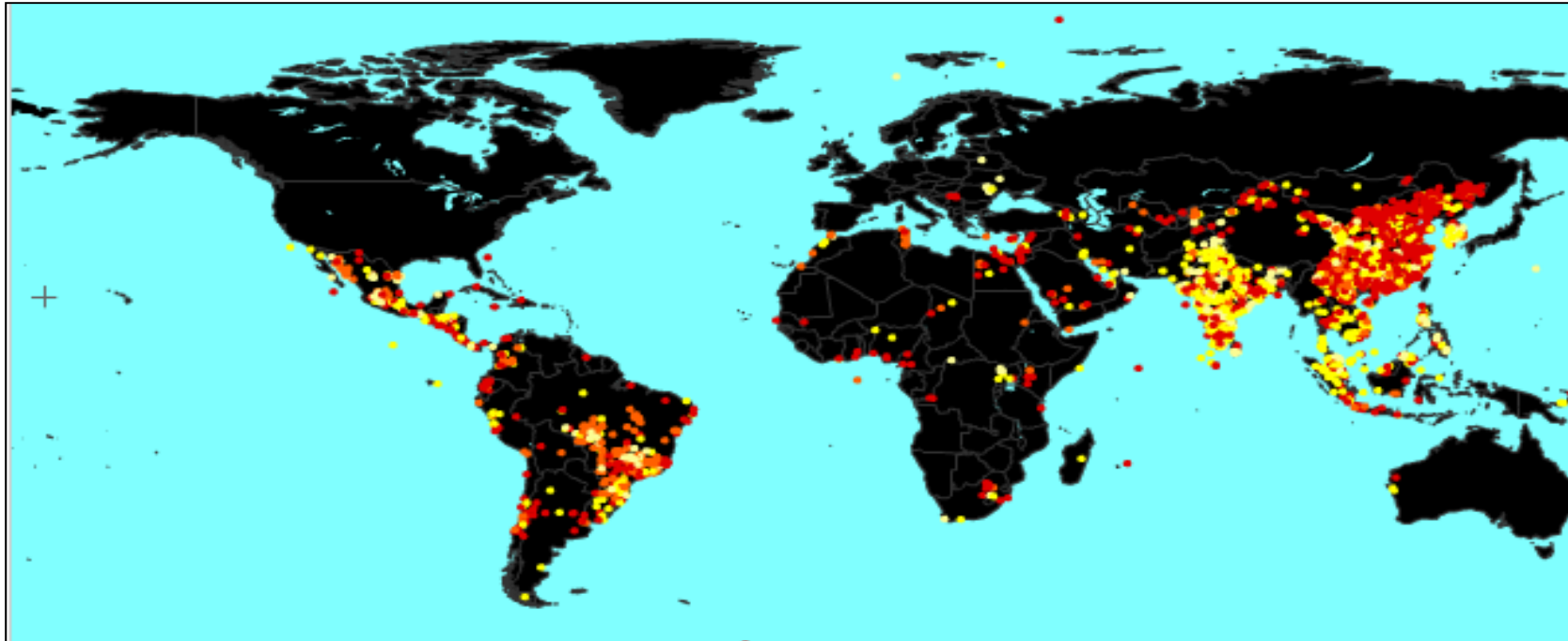
## Introduction

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To date, more than

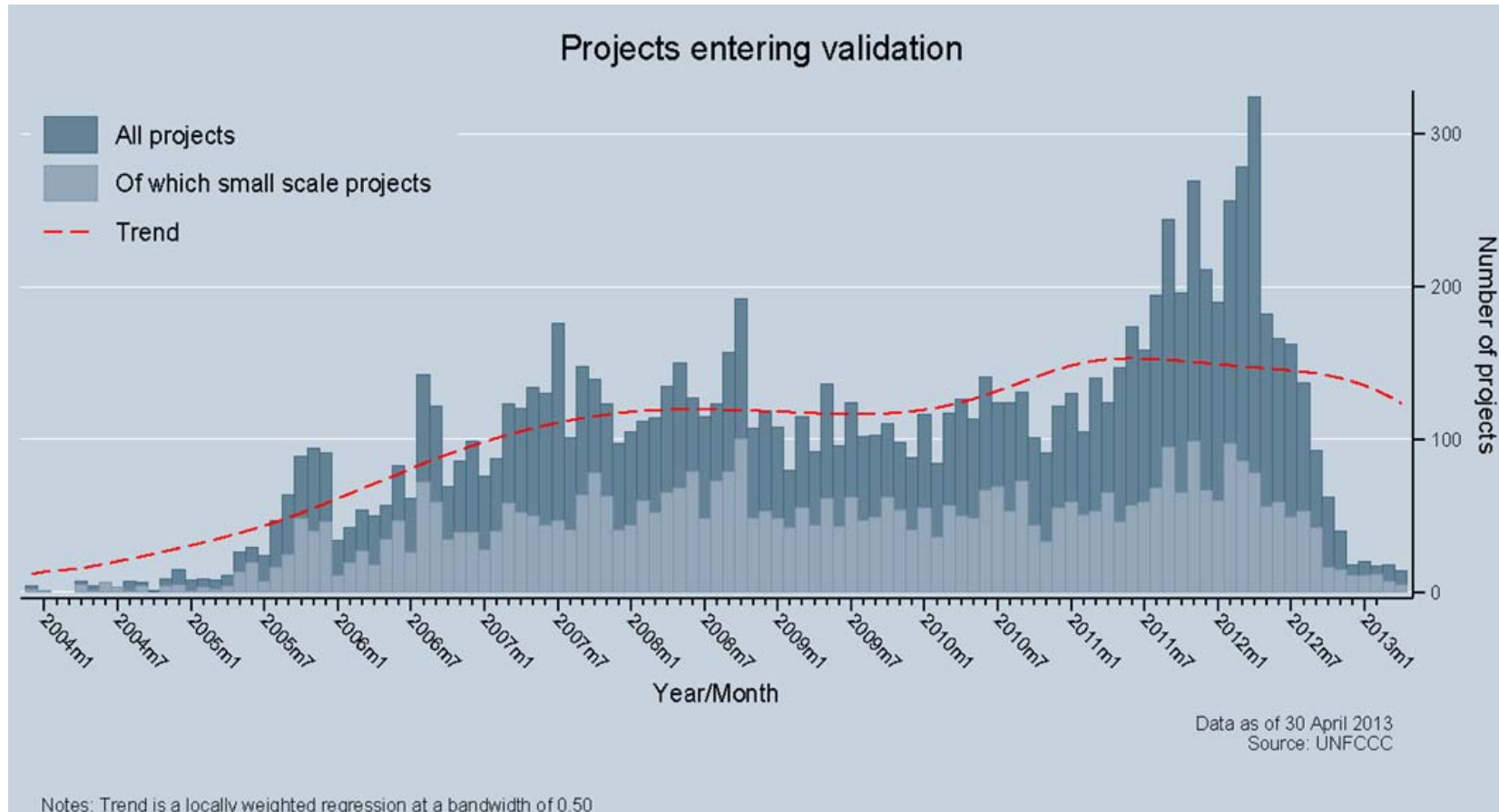
6900 registered projects in 86 countries

1.3 billion certified emission reductions (CERs) issued



# Introduction

## Number of projects entering validation per month



## Background

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- Decision 5/CMP.8 → Pursuant to decision 3/CMP.1, the first review of the CDM modalities and procedures (M&P) shall be carried out at CMP 9
- Request the CDM Executive Board to submit recommendations for SBI 38 on possible changes to the CDM M&P drawing upon experience gained by:
  - a) CDM Executive Board
  - b) UNFCCC secretariat
  - c) Stakeholders



## Process background

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- Summary of 11 responses received in the call for public inputs (17 December 2012 – 23 January 2013)  
→ Annex 2 to annotations EB72
- Experience report of the secretariat  
→ Annex 1 to annotations EB72

<http://cdm.unfccc.int/Meetings/MeetingInfo/DB/AZNJPUB6GSW20R7/view>



## Process background

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- Recommendations do not address all inputs because:
  - Board did not agree with the idea
  - Board agreed the idea but can be addressed without changing M&P
  - Board could not reach agreement within the time available



## Context of review of CDM modalities and procedures

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- **Mandate in CMP 8 refers to review of Modalities and Procedures (M&P) for CDM, decision 3/CMP.1. But there are 4 additional M&Ps:**
  - **Simplified M&P for small-scale CDM project activities**  
(decision 4/CMP.1 (annex II))
  - **M&P for A/R project activities**  
(decision 5/CMP.1)
  - **Simplified M&P for small-scale A/R project activities**  
(decision 6/CMP.1)
  - **M&P for CCS project activities**  
(decision 10/CMP.7)
- **Recommendations of the EB refer to all M&P, except CCS because:**
  - Interrelated nature of different M&Ps
  - Changes to 3/CMP.1 will have implications for other M&Ps
  - Reviews of M&Ps (except for CCS) are due
- **Further recommendation: alignment of M&P to 2012 Kyoto Protocol amendments needed (GWP, NF<sub>3</sub> inclusion)**



## Areas of stakeholder inputs received by the Board

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### GOVERNANCE

- Role of host Party
- Role of the Board
- Support structure of the Board
- Decision making rules at the Board

- Membership at the Board
- Appeal process

### ACCREDITATION

- Elaboration of rules
- Role of DOEs
- Significant deficiencies

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### PROJECT CYCLE AND METHODOLOGIES

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|-----------------------------|-------------------------------|
| ➤ Letter of approval        | ➤ Stakeholder consultation    |
| ➤ Crediting period          | ➤ Sustainable development     |
| ➤ Human rights              | ➤ Afforestation/reforestation |
| ➤ Registration and issuance | ➤ Methodology development     |
| ➤ Additionality             | ➤ Materiality                 |
| ➤ Standardized baselines    | ➤ Baseline setting            |
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## Recommendations by the Board

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- **General**

- Documentation: Consolidate the four sets of M&P, and to the extent possible, all decisions of the CMP relating to the CDM that created rules
- Reflection of current practice: Align M&P with current practice on, e.g.:
  - Specific timeframes for review and approval of new methodologies
  - Post-registration changes in CDM project activities and PoAs
  - Disclosure requirements in CDM registry administrator
  - Languages of decisions



## Recommendations by the Board

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- **Governance**

- Role of the Host Party: Create a new section on host Party's responsibilities to oversee aspects of projects and PoAs
- Membership of the Board: Decisions on nomination, membership, term and decision-making of the Board would need to consider implications for other matters (quorum, voting, triggering requests for review)

- **Accreditation**

- Elaboration of rules: Delete Appendix A and expand section D to include the principles to elaborate and enforce standards for DOEs
- Significant deficiencies: Principles of DOE liability for significant deficiencies need to be elaborated differently



## Recommendations by the Board

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- **Project Cycle (1)**

- Host Party: Determine the feasibility of allowing single project activities to be hosted in more than one Party
- Letters of approval: Include specific section with definition of host Party approval, required minimum content of the letter of approval and elaborate the requirements and process for a Party's withdrawal of a letter of approval
- Stakeholder consultation: Strengthen requirements to validate that local consultation occurs in line with host Party law and comments are taken into account
- Crediting period: Review the crediting period provisions, taking into account the certainty of investment and additionality of emission reductions



## Recommendations by the Board

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- **Project Cycle (2)**

- A/R project activities: Consider more cost effective approaches for estimation of baseline stocks and removals.
- A/R project activities: Make the timing of verification more flexible (review para 32, decision 5/CMP.1)
- Programmes of activities: Include principles of PoAs in the M&P
- Direct communication: Introduce into the M&P the principle of direct communication between the stakeholders and the Board
- Registration and Issuance: Remove the requirement to submit a description of a proposed project activity or PoA when submitting a new methodology



## Recommendations by the Board

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- **Methodologies**

- Methodology development: Delete requirement to submit meths through a DOE and recognize the Board's own development of methodologies
- Methodology development: Streamline the guidance relating to the developing meth to the level of key principles
- Clarification of approved methodologies: Define in the M&P the concept of clarifications to methodologies
- Additionality: Include the current Board practice of establishing a list of automatically additional activity types/scales and allow them to proceed through a simplified validation process
- Materiality: Incorporate decision 9/CMP.7 into the M&P
- Baseline setting: Allow a broader range of approaches to baseline methodologies
- Standardized baselines: Recognize standardized baselines in the M&P by insert key principles from paras 44–52 of 3/CMP.6



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**Questions?**

